Bulletin LIRC 2000-03

**DATE:**      **November 6, 2000**

**TO:**      **ALL PROPERTY & CASUALTY INSURERS WRITING PRIVATE PASSENGER AUTOMOBILE INSURANCE IN LOUISIANA**

**RE:**      **2000 Louisiana Automobile Premium Survey**

The Louisiana Insurance Rating Commission (LIRC) is conducting its 2000 Automobile Insurance Premium Survey. I am writing to provide information concerning this premium survey.

The purpose of this survey is to provide meaningful comparative pricing information to Louisiana insurance consumers as described under R.S. 22:1473. Premium information gathered in this survey will be made available to Louisiana insurance consumers on the Louisiana Department of Insurance Web site (http://www.ldi.la.gov/).

The survey information is not a policy quote, and the Web site will state this clearly to any consumers who choose to view the survey. The Web site will also state that the consumer will have to contact the individual insurance companies for an actual quote.

Your compliance with this data call ensures our ability to provide, in an efficient manner, neutral insurance pricing information to Louisiana consumers. Thank you for your help in these efforts.

Any insurers who wish to discuss the details or intent of this Premium Survey can contact Dan Davis at (225) 342-4690.

_____
Chad M. Brown
Deputy Commissioner/LIRC

Referenced Documents: The 2 documents supporting the Louisiana 2000 Automobile Insurance Premium Survey are available electronically and can be found at the Louisiana Department of Insurance Web site. (www.ldi.la.gov). You can find these documents, a Word and an Excel document, at the site by selecting /Insurers Information/Louisiana Insurance Rating

Commission/LIRC Bulletins and then viewing the Subject field. The first reference here is a document created in Word and stored in a PDF file format. This can be viewed and printed and describes how to fill in the Excel document. The next 2 references are both Excel. The Excel file will need to be downloaded and saved. If you are unable to successfully download and save a copy of the first Excel document, please download the zipped version of the Excel file by clicking on the next reference. Hard copies can be obtained by contacting Dan Davis at 225-342-4690.

**ATTACHMENT
Bulletin LIRC 2000-03**

**Louisiana 2000
Automobile Premium Survey**

# TABLE OF CONTENTS

# USER MANUAL

### A. Scope of Comparison

The purpose of this survey is to present to the public a fair and consistent price comparison of automobile insurance premiums among various carriers. Relativities between companies for various <u>simplified</u> categories of risks are of the greatest importance to this survey. This is <u>not</u> a premium quoting system.

### B. Effective and Reporting Dates

Insurers shall report premiums based on the rates in effect as of November 1, 2000. All required data must be submitted to the LIRC no later than January 15, 2001. *Final premiums should be rounded to the nearest dollar.*

### C. Reporting Requirements

Records that are not reported according to the instructions as specified by the Department will be returned to the company for correction and shall be resubmitted within ten (10) working days. Unacceptable submissions include, but are not limited to, submissions which have any records where there are missing premium entries without accompanying footnotes describing why the premium entry is missing (see Section H.2, "Entering the Data"). Unacceptable submissions also include but are not limited to submissions that have more than 1% of the entries with obvious errors.

### D. <u>SIMPLIFYING ASSUMPTIONS</u>

These are intended to reduce the burden on those companies providing survey data while still providing useful information to insureds. These should make the rating algorithms simpler and therefore <u>easier to program</u> into the spreadsheet.

1. Insured examples assume discounts/surcharges only if available to ALL insured persons for a given example in all zip codes. Assume NO other discounts/surcharges. Please note availability of discounts/surcharges in Exhibit I.
2. Insured examples include any surcharge/policy fee that will apply to all the insured examples in the survey.
3. Accidents in the survey examples have Property Damage of $2000 (no bodily injury). Assume experience period for the Driving Record is the last five (5) years. Assume all violations and accidents took place in the most recent year, i.e. that the previous four (4) years are accident and violation free.
4. All insured examples contemplate one (1) driver and one (1) vehicle.
5. Each risk should be treated as new business. Rate the risk in your most competitive program for which it would qualify and submit only one set of data for your company.
6. All premiums are for a six-month policy, paid in full at inception.
7. All insured examples assume that the annual miles are fixed at 10,000 with no business usage. Assume insured commutes to work ten (10) miles each way.
8. All insured examples assume that the driver received his/her license at age 16, has had no driver safety course, and has lived at current residence for five (5) years. Assume insured is the principal and only operator of the vehicle.
9. If the company has one of this survey's zip codes split into more than one territory, assume insured lives in the least expensive territory in the zip code.

### E. Acknowledgment

Complete the requested information on the enclosed ACKNOWLEDGMENT FORM and return it to this office *immediately upon receipt.*

### F. Affidavit

Reports shall be submitted with enclosed AFFIDAVIT made under oath before a notary public.

### G. Method of Reporting

Groups/Companies shall submit the premium data in the Excel Spreadsheets available on our Web site or available on diskette if the company cannot access our Web site. Each company within the group should rate the examples although it is anticipated that some companies may not be able to insure all the examples and should indicate this on the "Footnotes" worksheet.

There are 336 different risks and 80 different zip code locations included in this survey. Each of the 336 risks should be rated for each of the 80 zip codes to produce 26,880 different premium examples. We arranged this spreadsheet matrix to be as easy as possible to enter the sample premiums. Further, we recommend using a programmatic approach for producing the sample premiums instead of hand entering each of the 26,880 examples.

Each risk should be treated as new business. Rate each risk in the most competitive program for which it would qualify. If a particular risk does not qualify for any program according to current underwriting guidelines and rules, leave the cell blank, and indicate the example number, zip code, and reason on the "Footnotes" worksheet. For further clarification, please see Section H.

The following table contains the definitions of the two coverage packages for the premium survey. For companies who do not sell the limits/deductibles listed below, please fill out the survey using those limits/deductibles which are closest in value to those in the table below and indicate on the footnotes worksheet what was done:

| Coverage/Limits Package | BI Limit (000's) | PD Limit (000's) | UM/UIM BI Limit (000's) | Med Pay Limit (000's) | Comp Deduct-ible | Coll Deduct-ible |
|---|---|---|---|---|---|---|
| **Liability-Only/Basic Limits** | 10/20 | 10 | 10/20 | N/A | N/A | N/A |
| **Full Coverage/Increased Limits** | 100/300 | 100 | 100/300 | 5 | $500 | $500 |

## IMPORTANT NOTE

Only apply credits and/or surcharges that would normally apply to ALL risks based on the information furnished in each insured example. DO NOT apply additional credits, change deductibles, change coverage limits, or rate the risk other than by using the information provided. As an example, do not apply a discount credit for anti-lock brakes unless they are STANDARD equipment. If there is no program for which the sample risk would qualify, leave the cell(s) blank for that risk example.

## H. Instructions for Excel Spreadsheet

For the purposes of this survey one must have a basic knowledge of the Microsoft® Excel (version 5.0 or greater) program.  The file is divided into three worksheets.  Worksheet "Company Info" contains Company data and territory definitions, worksheet "PPA Survey" contains the risk examples, and worksheet "Footnotes" contains any examples that cannot be rated by your company and the reasons why.

*1.  Opening the Spreadsheet*

Open the file named "PPA_2000.xls", available on our Web site or available on diskette.  The "Company Info" worksheet should appear first.  If not, select the worksheet tab called "Company Info."  The worksheet tabs are at the bottom of the screen.

*2.  Entering the Data*

For the "Company Info" worksheet, please type all information in column D (the yellow cells).  Type the name of the GROUP and press the ENTER key.  If your company is not part of a group, then leave this blank.  The cursor should automatically move to the next entry field (if it does not, go to Tools, Options, Edit, Move selection after Enter, and select Down under Direction).  Type the name of the COMPANY that was used for rating the risks.

Press the ENTER key.  Your cursor should now be in the NAIC field.  Enter the five (5) digit NAIC company number.  This is the number assigned by the National Association of Insurance Commissioners.  **DO NOT** use the four (4) digit group number.  Press the ENTER key three times to get the cursor into the first Premium Credits field (also yellow).  The cursor will move down the list of credits each time the ENTER key is pressed.

Enter the letter "Y" for each item that is available on the program that you used in rating the examples.  If a particular credit or option *does not* apply to any of the sample risks, enter the letter "N."  Press the ENTER key and the cursor will move to the next line.  Continue this down through the list of available CREDITS.  Please list other available credits on Exhibit I – Additional Discounts and Surcharges.

Select the worksheet tab called "PPA Survey."  The cursor should now be on the premium entry screen at the top of the spreadsheet.  If it is not, please hold down the CTRL key and press the HOME key.  Then bring the cursor to the first position of the data entry field (G2) using the arrow directional keys (the first blank cell is Example #1, Zip Code 70037).  ***From this point you may want to use the arrow directional keys to move to different zip codes and examples.***

Enter the premium (round to the nearest dollar) for each risk example and zip code indicated.  ***For risks that cannot be rated by your company, please leave the cell blank.***  Then, go to the "Footnotes" worksheet and fill in the example number, zip code(s), and the reason for the blank cell.  If you cannot rate a particular example in **ALL** the zip codes (i.e. a blank row), please enter the example number in the first column and "ALL" in the second column of the "Footnotes" worksheet.  Similarly, if you cannot rate a particular zip code for **ALL** of the examples (i.e. a blank column), please enter "ALL" in the first column and the zip code in the second column of the "Footnotes" worksheet.

*3.  Saving and Closing the File*

Save and close file using the Excel menu.  Do not forget to maintain a copy of the file for company records.

**I.    Communication**

If you should have any questions, please call this office.

Insurance Business and General Questions:
Dan Davis, (225)342-4690, ddavis@ldi.state.la.us

Data Processing/Programming Questions:
Dan Davis, (225)342-4690, ddavis@ldi.state.la.us

Please mail the completed forms to:
Dan Davis, FCAS, FCIA
Senior Actuary
Louisiana Insurance Rating Commission
P.O. Box 94157
Baton Rouge, LA
70804-9157

Please email the completed Excel file to:
ddavis@ldi.state.la.us

or

Please mail the completed diskette to:
Dan Davis, FCAS, FCIA
Senior Actuary
Louisiana Insurance Rating Commission
P.O. Box 94157
Baton Rouge, LA
70804-9157

# DESCRIPTION OF RATING VARIABLES AND PREMIUM COMBINATIONS

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The following combinations of rating variables are required for each of the two coverage/limits packages:

| Rating Variables | Possible Values | Number of Combinations |
|---|---|---|
| Gender | Male<br>Female | 2 |
| Age/Marital Status | 16/Single<br>19/Single<br>23/Single<br>35/Married<br>55/Married<br>70/Married | 6 |
| Driving Record in last 5 years<br>Assuming all accidents and violations took place in the most recent year, and that at-fault accidents are Property Damage claims of $2000 | No Violations<br>1 Speeding Ticket (10 mph over the speed limit)<br>1 Minor Moving Violation and 1 At-Fault Accident<br>1 Minor Moving Violation, 1 At-Fault Accident, and 1 DUI | 4 |
| Location | The most highly populated Zip Code in each of 64 Parishes **PLUS** the 16 most highly populated Zip Codes from New Orleans, Baton Rouge, Lafayette, Shreveport, and Lake Charles<br><br>If the company has one of this survey's zip codes split into more than one territory, assume insured lives in the least expensive territory in the zip code. | 80 |
| Vehicles[1]<br>All 2000 Models – assume least expensive style.<br>Assume a 1 vehicle, 1 driver situation. | Toyota Corolla LE 4D, 4-Cyl<br>Honda Accord LX 4D, 4-Cyl<br>Lincoln Town Car 4D, 8-Cyl<br>Chevy Camaro Z-28 Coupe<br>Chevy Blazer S10 4D, 4X2, 6-Cyl<br>Ford F-150 2D, 4X2, 8-Cyl | 6<br>(6 for the packages with full coverage, just 1 for those packages with Liability only) |
| Annual Miles | Fixed at 10,000<br>Assume no business usage.<br>Assume drive to work 10 miles each way. | 1 |
| Years of Licensure and Residency | Assume licensure at age 16 and 5 years at current residence. | 1 |
| Driver Safety | Assume NO driver safety course. | 1 |
| Credit Scoring/Other Proprietary Rankings | Assume best possible scoring (i.e. least expensive premium).<br>Assume cheapest category for any other underwriting criterion in this category. | 1 |
| Other Discounts/Surcharges | Only include discounts/surcharges available to all insureds in a given example in all zip codes. Note availability of others in Exhibit I. | 1 |
| Policy Term | Assume 6 month policy tem (paid in full at inception) | 1 |

[1]For Liability-Only policies, use only the Honda Accord LX 4D, 4-Cyl, least expensive style.

# COMPUTATION OF SAMPLE PREMIUM COMBINATIONS

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For the Liability-Only/Basic Limits Package:

| Packages | Gender | Age/Marital Status | Driving Record | Vehicles | Total Number of Cells |
|---|---|---|---|---|---|
| 1 | 2 | 6 | 4 | 1 | 48 |

For the Full Coverage/Increased Limits Package:

| Packages | Gender | Age/Marital Status | Driving Record | Vehicles | Total Number of Cells |
|---|---|---|---|---|---|
| 1 | 2 | 6 | 4 | 6 | 288 |

For All Packages:

|  | Total Number of Cells |
|---|---|
|  | 336 |

| Total Number of Territories | 80 |
|---|---|
| Total Number of Sample Premiums | 26,880 |

# EXHIBIT I

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**ADDITIONAL DISCOUNTS AND SURCHARGES**

<u>Return this form to:</u>
Dan Davis, FCAS, FCIA
Senior Actuary
Louisiana Insurance Rating Commission
P.O. Box 94157
Baton Rouge, LA
70804-9157

Indicate the availability of any additional discounts/surcharges that were not assumed for <u>all</u> risks (see Page 1, D, Simplifying Assumptions).

# EXHIBIT II

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**Territories – Premium data is required for the following Parish and Zip Code combinations:**

| Zip Code | Parish | Zip Code | Parish |
|---|---|---|---|
| 70526 | Acadia | 70726 | Livingston |
| 71463 | Allen | 71282 | Madison |
| 70737 | Ascension | 71220 | Morehouse |
| 70390 | Assumption | 71457 | Natchitoches |
| 71351 | Avoyelles | 70117 | Orleans |
| 70634 | Beauregard | 70119 | Orleans |
| 71068 | Bienville | 70122 | Orleans |
| 71111 | Bossier | 70126 | Orleans |
| 71106 | Caddo | 70115 | Orleans |
| 71107 | Caddo | 70118 | Orleans |
| 70601 | Calcasieu | 70127 | Orleans |
| 70605 | Calcasieu | 70114 | Orleans |
| 70663 | Calcasieu | 71203 | Ouachita |
| 71418 | Caldwell | 70037 | Plaquemines |
| 70631 | Cameron | 70760 | Pointe Coupee |
| 71343 | Catahoula | 71360 | Rapides |
| 71038 | Claiborne | 71019 | Red River |
| 71334 | Concordia | 71269 | Richland |
| 71052 | De Soto | 71449 | Sabine |
| 70802 | East Baton Rouge | 70043 | St. Bernard |
| 70816 | East Baton Rouge | 70070 | St. Charles |
| 70808 | East Baton Rouge | 70441 | St. Helena |
| 70805 | East Baton Rouge | 70090 | St. James |
| 70815 | East Baton Rouge | 70068 | St. John the Baptist |
| 71254 | East Carroll | 70570 | St. Landry |
| 70748 | East Feliciana | 70582 | St. Martin |
| 70586 | Evangeline | 70342 | St. Mary |
| 71295 | Franklin | 70458 | St. Tammany |
| 71417 | Grant | 70401 | Tangipahoa |
| 70560 | Iberia | 71357 | Tensas |
| 70764 | Iberville | 70364 | Terrebonne |
| 71251 | Jackson | 71241 | Union |
| 70072 | Jefferson | 70510 | Vermilion |
| 70546 | Jefferson Davis | 71459 | Vernon |
| 71342 | La Salle | 70427 | Washington |
| 70506 | Lafayette | 71055 | Webster |
| 70501 | Lafayette | 70767 | West Baton Rouge |
| 70503 | Lafayette | 71263 | West Carroll |
| 70301 | Lafourche | 70775 | West Feliciana |
| 71270 | Lincoln | 71483 | Winn |

# COMPANY INFORMATION

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<u>Return this form to:</u>
Dan Davis, FCAS, FCIA
Senior Actuary
Louisiana Insurance Rating Commission
P.O. Box 94157
Baton Rouge, LA
70804-9157

In order to update our database, please provide information for the following items:

**Group/Company** _____

**Group/NAIC#** _____

**Contact Person** _____

**Title** _____

**Telephone** _____ **FAX** _____

**Address** _____

_____

**Email Address** _____

# ACKNOWLEDGMENT RECEIPT

## Bulletin LIRC 2000-03

<u>Return this form to:</u>
Dan Davis, FCAS, FCIA
Senior Actuary
Louisiana Insurance Rating Commission
P.O. Box 94157
Baton Rouge, LA
70804-9157

ATTN: Dan Davis

This will acknowledge receipt of **Bulletin LIRC 2000-03** for reporting private passenger automobile rate comparison data.

_____ SUBMISSION OF DATA WILL BE FORWARDED BY January 15, 2001.

_____ WE WILL NOT PARTICIPATE

_____ REASON FOR NOT PARTICIPATING

_____

_____

# AUTO PREMIUM RATING CALCULATION WORKSHEET

Return this form to:
Dan Davis, FCAS, FCIA
Senior Actuary
Louisiana Insurance Rating Commission
P.O. Box 94157
Baton Rouge, LA
70804-9157

Please provide detailed premium calculations for the following two examples.  Calculations should include and clearly <u>DISPLAY</u> all applicable base rates, increased limit factors, discounts, credits, surcharges, or any other premium modification factors.  Please state any assumptions you had to make that were not covered by our descriptions of the risks.

Example #6 (Liability Only/Basic Limits)
Male; age 19; licensed three (3) years; not married; single vehicle risk; driver is principal and only operator; Honda Accord LX 4D (least expensive style), 4-Cyl with liability coverage only (Basic Limits of 10,000/20,000 BI, 10,000 PD, and 10,000/20,000 UM/UIM BI); one (1) speeding ticket for ten (10) MPH over the speed limit within the five (5) year experience period (the ticket assumed to be in the latest year); 10,000 miles driven annually with no business usage and driver commutes ten (10) miles each way to work; lived at current residence for five (5) years; no driver safety course; six month policy paid in full at inception for Zip Code 70117.

*Continued on next page.*

Example #265 (Full Coverage/Increased Limits)
Female; age 35; licensed nineteen (19) years; married; single vehicle risk; driver is principal and only operator; Toyota Corolla LE 4D (least expensive style), 4-Cyl with full coverage (Increased Limits of 100,000/300,000 BI, 100,000 PD, 100,000/300,000 UM/UIM BI, 5,000 MED, $500 Comp Ded., and $500 Coll Ded.); no violations within the five (5) year experience period; 10,000 miles driven annually with no business usage and driver commutes ten (10) miles each way to work; lived at current residence for five (5) years; no driver safety course; six month policy paid in full at inception for Zip Code 70117.

_____     _____
Contact Person                                                      Date

# AUTO PREMIUM SURVEY CHECKLIST

### Please return this checklist to Dan Davis along with all other necessary forms.

☐ Insured examples assume discounts/surcharges only if available to ALL insured persons for a given example in all zip codes. Assume NO other discounts/surcharges. Please note availability of discounts/surcharges in Exhibit I.

☐ Insured examples include any surcharge/policy fee that will apply to ALL the insured examples in the survey.

☐ Accidents in the survey examples have Property Damage of $2000 (no bodily injury). Experience period is last five (5) years and all violations took place in the most recent year, i.e. the previous four (4) years are accident and violation free.

☐ ALL insured examples contemplate one (1) driver and one (1) vehicle.

☐ Each risk is treated as new business. The risk is rated in your most competitive program for which it would qualify and you are submitting only one set of data for your company.

☐ ALL premiums are for a six-month policy, paid in full at inception.

☐ ALL insured examples assume that the annual miles are fixed at 10,000 with no business usage. Assumed that insured commutes to work ten (10) miles each way.

☐ ALL insured examples assume that the driver received his/her license at age 16, has had no driver safety course, and has lived at current residence for five (5) years. Assume insured is the principal and only operator of the vehicle.

☐ If the company has one of this survey's zip codes split into more than one territory, assume insured lives in the least expensive territory in the zip code.

☐ Excel file or Diskette for the 2000 Auto Premium Survey (Do not make any revisions on the diskette/file format).

☐ Exhibit I – Company information about discounts/surcharges not available to <u>all</u> insureds.

☐ Completed "COMPANY INFORMATION" page.

☐ Signed and dated "ACKNOWLEDGMENT RECEIPT" page *(mailed upon receipt of bulletin).*

☐ Completed "AUTO PREMIUM RATING CALCULATION WORKSHEET" page.

☐ Signed and dated "AFFIDAVIT" page.

_____          _____
Contact Person                                               Date

# AFFIDAVIT

## Bulletin LIRC 2000-03

Return this form to:
Dan Davis, FCAS, FCIA
Senior Actuary
Louisiana Insurance Rating Commission
P.O. Box 94157
Baton Rouge, LA
70804-9157

State of _____, of County _____,

 *(name)* _____ being
duly sworn, deposes and says that he/she is the *(title)*

_____

* of the *(company)* _____; that
the statistical data reported upon the accompanying disks and forms is a true and accurate record
of the company's premiums for Private Passenger Automobile insurance for the purpose of
compiling a comparison of rates for the State of Louisiana, to the best of his/her knowledge,
information, and belief.

_____

AFFIANT

Subscribed and sworn to before me this _____ day of _____ 20____

at _____.

* Signatory must be the company official responsible for the compilation of statistical data.